

Capital Planning Committee Meeting Minutes January 3, 2019

In attendance: Joseph Barr
Ida Cody
Amy Fidalgo, Management Analyst
Charlie Foscett
Phyllis Marshall-Hartman
Michael Mason
Chris Moore
Sandy Pooler
Brian Rehrig
Barbara Thornton
Timur Yontar

Attending via phone: Stephen Andrew

Meeting Opened: Mr. Foscett called the meeting to order at 5:05pm. The minutes of the meeting of December 20, 2018 were unanimously approved with one amendment – that the HHS capital request for \$125k in FY20 for renovations of the Whittemore Robbins Cottage be recommended for CPA funding. Mr. Foscett introduced new committee member Michael Mason, the recently-appointed CFO for the Arlington School Department.

Capital Plan: Mr. Rehrig led the presentation of the latest version of the plan, which incorporated all decisions made at the December 20 meeting, including pushing out the libraries, and additional changes based upon a meeting with Adam Chapdelaine and Sandy Pooler. That version of the plan was roughly in balance over the full 5 years but with some unevenness year-to-year.

Among the additional changes made:

- (1) Town-owned rentals now contribute to their own debt service – only if they have their own debt to pay – examples include Parmenter and Dallin Library.
- (2) Recreation Enterprise Fund can offset debt service on the Reservoir Project. Additionally, in FY20 some funds are being used from Antenna Fund and some from CPA, and in FY21 some funds are being used from a state grant and some from bonding.
- (3) Asset sale proceeds of \$750k from the DAV building will apply to FY21 (sale hasn't completed yet and funds were never used – other sources replaced them), and an additional \$268k will apply to FY22 from the “rainy day fund” sourced from sales of foreclosures – may be applied to anything with a useful life of 5 years.
- (4) DPW is assumed to be half-funded in Year 1, half-funded in Year 2, and both are BANs, and is then bonded in Year 3.
- (5) Senior Center is \$8.1m in FY20, divided into thirds and funded by three 20-year bonds. (Note that because the CPA is to fund Whittemore Park that precludes the CPA from funding the Senior Center.) Ms. Marshall-Hartman confirmed that a single project can be split into different bonds with different lives.

Next steps are to take bonded items in the early years (when the plan is <5%) and turn them into cash to make the years “even out” and get closer to 5% each year.

The debt service for the DPW is >\$1.6m in FY23 and FY24. Mr. Pooler noted that instead of level principal payments the Town could do level debt service for the DPW, as the Town will do for AHS. Budget conservatively, then accelerate payment if the budget has capacity. The effect would be to add ~25 bps to the out-years (not in the coupon but in the APY, since more of the repayment is coming later). The benefit is that this would lower the payment by ~\$500k in the early years.

Mr. Foskett commented that since so much is going to the DPW, to make the plan even we could take some monies from the sidewalk fund, or we could move some monies from later years to earlier years, provided the DPW can perform the work that these monies would pay for.

Regarding the libraries, Mr. Pooler told Ms. Nicolay (Library Director) that the Committee was taken aback by the amount of the requests and their timing. Ms. Nicolay said she may come back with smaller scale projects for the near term, such as checkout automation at Robbins. Mr. Moore proposed that the planning for Robbins renovations be accelerated to FY22; Mr. Rehrig commented that we would need to BAN the planning funds until construction was ready to begin, then bond the construction funds.

Mr. Yontar noted that, except for the Libraries, we haven't left out any other big projects, and canvassed the committee to check that this was the case. Mr. Rehrig then asked the committee to check that all of the departmental requests are correct in dollar amount and timing; likewise Ms. Fidalgo asked the committee to check all of the capital carryforwards. A motion was made, seconded, and unanimously adopted to have Mr. Rehrig, Mr. Moore, and Mr. Yontar finish the plan and submit it first to Mr. Pooler.

Presentation to Finance Committee: The Capital Planning Committee will need to present this budget to the Finance Committee. Date is TBD in early March, likely Monday, March 4 or Wednesday, March 6. Prior to doing so, the Capital Planning Committee needs to determine who can attend and present, and who will write which portions of the presentation; then the committee needs to rehearse the presentation. Additionally the committee needs to receive a presentation from the Community Preservation Act Committee so we can endorse their plan. To accomplish these, the committee will meet on Wednesday, February 13, and Thursday, February 28.

Future Meetings post-Town Meeting: After Town Meeting ends, the Capital Planning Committee should meet again to (1) plan for next year, (2) elect officers, and (3) receive a presentation from our Software Subcommittee. This meeting is scheduled for Wednesday, May 16.

Meeting Adjourned: The meeting adjourned unanimously at 6:42pm.